

BRAND AND IDENTITY MANAGEMENT IN FASHION COMPANIES

By Stefania Saviolo

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Abstract

This paper aims at analysing what are the peculiar aspect of brand management for fashion ready to wear firms. We define the brand identity as a system of attributes. For fashion companies particular importance is assumed by three kind of brand attributes: corporate and brand history and core competencies, stylistic identity and visual identity. The article illustrates this issue with the supporting evidence of one case history: fashion designer Giorgio Armani.

KEY Words: brand management, identity, positioning, communication.

JEL Codes: L67, M1.

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1. What is branding?

Brand building and brand management have become a critical issue for firms competing within heterogeneous industries. Over the last decades, the brand evolved from a simple product attribute to the role of value creator for the entire firm. Today *brand management* represents a very sophisticated business process whose aim is to assemble and maintain over the time the unique mix of physical attributes and intangible values that distinguish one brand identity from other's. A better understanding of the brand role starts from the right definition of brand and branding. The most quoted definition is that proposed by Kotler (1988) from an older definition proposed in 1960 from the American Association Committee on Definitions according to which the brand is "a name, terms or logo or design or a combination among them aiming at identifying a product or a service from one vendor or manufacturer and differentiate it from competitors".

Branding for many years has been seen as logos and advertisements. But is it nowadays evident that a brand is much more than a name or a logo. A brand is no longer just image projection. It's also truly about the company as a whole. *Brand strategist*¹ affirm that brands recall clear associations in consumer mind: they talk about brand personality, a long term relationship with the consumer centered on emotional feelings more than on economic transactions.² Branding is becoming more a function of the relationship and the experience the consumer has with the brand. Above all in industries producing symbol intensive goods there is a stronger connections of brands with people's personalities and beliefs.

In order to get a full understanding of the market potential associated to a brand it is necessary to use a broader definition of brand as an "*aggregation, around specific signs of a complex of values, association, expectations to which clients assign a value that goes over the technical and functional attributes of the products identified by the brand itself*" (Zara, 1997).

¹ Aaker, 1991, Kapferer 1992,

² On experiential branding Pine B. J., Gilmore J. H. *The Experience Economy*, Harvard Business School Press, 1999; Schmitt B, Simonson A. *Marketing Aesthetics. The Strategic Management of Brands, Identity and Image*, Free Press, 1997.

The brand aims at building over the time a relation with its clients ensuring to the firm a premium price with respect to unbranded products. Over the last two decades the concept and application of branding tools evolved from its origins in the Anglo-Saxon mass consumer industry³ to a wide range of industries, even very far from consumer products: from cars to coffee shops, from Universities and Museum to television stations. However, branding assumes different features according to the specific industry. In industrial products or in the service sector the brand usually plays a role of identification, differentiation and guarantee mainly related to the more tangible aspects of the supply system. Within the so called symbol intensive industries, offering prestige or luxury products, the brand expresses mainly intangible benefits and attributes. If a great brand balances the delivery of functional benefits with emotional ones, a great symbol intensive brand needs to awake mainly desires and pleasure in the consumer. Recently also the branding techniques evolved within firms. Branding has been fostered from being a support to the product commercial promotion to a strategic process that permeates the entire company and involves different functions and organizational roles. The literature defines the value associated to a brand as *brand equity*: brand equity is a set of brand assets and liability linked to a brand, its name and symbol, that add or subtract from the value provided by a product or service to a firm and or to that firm's customers (Aaker 1991)⁴. In order to secure themselves this value, above all in the perspective of its future growth, European big luxury groups have realized massive acquisitions of historical brands with negligible sales but a strong market potential. These groups know that building a new brand from scratch requires time and, above all, an enormous investment in communication. Today also a new ethic of branding seems to emerge. When you only have a physical product you need to create a desire for it through communication and brand building; but later on, it is necessary to go back to the product in order to maintain credibility. Those firms that do not have a strong and distinguish product hardly can become a brand. If during the '80 brand power and visibility were the key success factors, nowadays relevance, intimacy and credibility are the new concepts in branding.

³ The first branding machine, Procter & Gamble, developed branding skills in distribution, market dominance, and product communications.

⁴ Aaker D. A., *Managing Brand Equity*, Free Press 1991.

2. Brand management in fashion

2.1 What is fashion?

Appearance is an important component of most durable consumption goods. Large amounts of resources are devoted to the development of design for clothing, cars furniture and even electronic equipment. These resources are not primarily used to make these goods more functional; rather, their goal is to let the product appear more “fashionable”. By fashion one generally mean the process that identifies certain design, products or social behaviors as "in" for a limited period and which replaces them with regularity by new design, new products and new forms of social behavior. If the consumption of a fashionable item is removed from its specific social context then changes in fashion do not entail any improvement in product quality. In its essay on fashion Georg Simmel⁵ writes:

“...fashion is merely a product of social demands... This is clearly proved by the fact that very frequently not the slightest reason can be found for the creation of fashion from the standpoint of an objective, aesthetic or other expediency. While in general our wearing apparel is really adapted to our needs there is not a trace of expediency in the method by which fashion dictates... ”.

As another writer noted:

“The economic, as distinct from social raison d’etre of fashion resides in the need to make people buy things they don’t need. If the clothes can’t be relied upon to wear out fast enough, something must be found that will wear out faster; that something is what we call fashion... Fashion is one form of familiar capitalist technique of planned obsolescence which can be enjoyed with a clear conscience...” (Gopnik, 1994, p.16)”.

To sociologists fashion represents an expression of social interaction and of status seeking. A designer brand provides to consumers a feeling of shared well-being and common interest. For economists and business analysts, fashion can be defined as a cycle that allows to some mature industries, such as clothing, footwear or even cars, to be dynamic and maintain a certain profitability over the time. When we talk about the fashion system or the fashion business we usually refer to a wide and complex cluster

⁵ (1957 p. 544).

of closely interconnected industries of different importance and weight, all influenced at various degree from the importance of fashionability. Attention is usually focused only on the finished products (clothing, knitwear, hosiery, accessories) but these are the result of a long chain of stages, activities and technologies whose interaction is largely responsible for the product's success on the market. Therefore a fundamental concept for analyzing the fashion system is the concept of fashion pipeline. This implies the coordination and integration between the production stages of raw materials (agricultural or chemical) and the industrial (textile and clothing) and distributive stages. The fashion pipeline is thus made up of different stages, each representing different industries; each stage and industry can be further segmented according to market criteria such as groups of clients, product category/end uses and price. According to group of clients we can segment the clothing industry into menswear, womenswear and kidswear; based on product category and end used we have sportswear, formal wear, jeanswear. Other industries support the fashion pipeline and are also part of the wider fashion system: these include the textile machinery industry and various parts of the service industry (specialized press, trade fairs, advertising and communication agencies, design studios). Considering the final phase of fashion pipeline that is the industry and the market for clothing and accessories, the most important segmentation criteria usually combines price levels, degree of creativity/innovation and exclusivity of the brand image. Each segment originating from this approach identifies a business model with well defined key success factors: the ready-to-wear/designer segment, the diffusion segment, the bridge segment, the mass-market segment.

Ready-to-wear represents the top end of the market with very high prices (over three to five times the average price) and high quality manufacturing. *Ready to wear* is a niche segment defined by historical couturiers and tailors originating from couture (Chanel, Valentino Boutique, Ungaro Parallele, Versace couture, Ferrè) and by the first lines of designers (stilisti) who became successful in the 90's and do not originate from couture (Dolce & Gabbana, Prada, Gucci Calvin Klein).

Diffusion is a segment defined by the second lines of designers in its highest part (Armani collezioni, Ferrè studio, Valentino Roma, Ungaro coll.), from industrial brands perceived as designer brand (Strenesse, Max Mara) and lines of new designer.

Bridge represents the medium-high level of the market between ready to wear and the mass market.

Mass market represents by far the biggest part of the clothing market world-wide, with a share of the total market value above 80%. Competition takes place among global companies and is very tough; low price and control over distribution are key success factors for competing. In this segment manufacturing phases are almost completely de-localized in low cost countries.

2.2 *The fashion ready to wear*

Ready to wear, intended as the result of the interplay between industrial processes and designer creativity, born in Italy by the end of the sixty's. Up to then the clothing industry was used to be the large, vertically integrated clothing industry producing standard products with a reduced variety and fashionability. This model originated from the big American business and was diffused in Europe after the second world war. At that time fashion and creativity were limited to the French craftsman *couture* addressed to very few and very rich consumers. By the end of the sixty's the sexual revolution and the search for a new identity by young people had a strong impact on clothing consumption. A demand emerged for differentiation and clothes able to express tastes and lifestyles of young people and, above all, of women. At the mid of the '70' the French *couture* felt into a crisis due to the recession and so did the traditional clothing industry due to the rising cost of labor on Western markets. The crisis of the old fashion model coupled with the emergence of new demand needs gave birth to a new business emerged, the ready to wear, as a flexible and differentiated production targeted on the new needs of women demand. Some apparel boutiques started creating their own lines to be produced by small textile firms that became specialized in the manufacturing of clothes ready to wear (*prêt-à-porter*).

At this point in time appeared the "stilista" (designer): his role was distinct both from the tailor/couturier of the high *couture* and from the manager responsible for product development in the clothing industry. A new system took place where a designer used to propose his line of products to an industrial firm to which he was committed by a professional contract. The industrial firm, at its turn, used to organize a system of manufacturing firms that were engaged depending upon their manufacturing specialization (from yarns to accessories). Distribution was supported by trade fairs

such as the Samia⁶ in the first time and catwalks at Palazzo Pitti later on: from 1966 Florence became the center of womenswear fashion hosting catwalks at Palazzo Pitti and commercial activities at Palazzo Strozzi.

The new business started in 1978 thanks to a brood of designers such as Albini, Armani, Valentino, with the support of the industrial Gruppo Finanziario Tessile. The Italian industrial model, based on family business, small enterprises, flexibility and industrial districts allowed designer to develop their collections relying on an unique and integrated fashion pipeline going from yarns to fabrics up to clothing. The wedding between designers and the clothing industry gave birth to a global business that now account 8-10% of the total apparel sales at global level. During the 1980's the industry underwent extraordinary growth of well above 10% per annum. This was fuelled by a number of factors. The main drivers of demand were the general economic prosperity and the attraction of the *nouveau riches* towards brand names. This resulted in several changes in the fashion industry. The first was the springing up of numerous new brands and products. At this time the ready to wear business became crowded with new emerging designers: the American Ralph Lauren, Calvin Klein, Donna Karan and the French couturiers attracted by the business profitability. In addition, well established designer brands started to diversify into "middle market" (the diffusion and bridge segments), often through the use of licensing agreements. Designers could capitalize over their reputation charging higher royalties rates than most consumer goods companies (5-12% of sales). Companies started to become increasingly international, often using franchising as a quick route to expansion. Many designers also capitalized on their reputation and improved their profitability by opening their own retail network in direct competition with their wholesale customers. Designers perceived many advantages to retailing their own products:

- a direct interaction with consumers that provided rapid feedback about style that sell;
- reduction in dependence on store buyers;
- integrity of the collection presentation;
- hiring and training of the retail staff.

⁶ Salone Mercato Internazionale dell'Abbigliamento, the unique trade fair for the first ready to wear collections started in 1954 and terminated in 1969.

In the early 1990s the fashion industry suffered a drop in demand as a result of a slowdown in the European, US and Japanese economies combined with the impact of the gulf war. There were changes also in the dynamics of the consumer. First, consumers rapidly abandoned the ostentation model of the 1980s. The display of too many brands became unfashionable. Second, consumers became value driven searching for a good price/quality ratio in all fashion segments. As a result the market began to favor well established brands, which had a good value proposition, together with an innovative product system. A period of consolidation ensued, while the companies themselves tried to reposition their brands and improve their supply chain management. Weaker companies were swallowed up by the largest ones. There was also the growing need for financial resources. As a result several companies went to the public to raise funds while others searched for financial partners. Nowadays the characteristics of the ready to wear market is the dominance of large and international companies competing both in the fashion (clothing) and in the luxury (accessories) market and the dominance of brand names. Collecting new brands has become the latest fad for modern ready to wear and luxury goods companies as they search for several identities to keep the earnings growth and continue to create value for shareholder. The well known are Gucci Group, LVMH, Prada, and IT Holding. Leading fashion houses also began restructuring their shops with ambitious architecture. The alliances between designers and architects have been on the highest level, such as Prada and the visionary Dutch architect Rem Koolhaas; Issey Miyake and Frank Gehry and Hermes and its multilevel "maison de verre" glass brick building designed by Renzo Piano in Tokyo. The aim of the new stores is to combine shopping with public space for more cultural events.

2.3 Managing prestige: brand building in fashion ready to wear

While in the past the *critical success factors* for fashion companies were the product and manufacturing technologies, today these success factors have shifted to a series of *intangible elements*, namely brand and retail management. The brand is fast becoming the fulcrum of all market strategies. Consumers are increasingly aware of their own personality and behaviors, including purchasing behavior. Today, companies producing life-style products have the highest potential for successful strategies, particularly in the more advanced societies (affluent and value-driven) and geographic locations. The relationship between customer and product must be built on deeper, more durable

foundations than in the past. Within this context, the brand more than the product (by its very nature subject to ongoing change in fashion) plays a fundamental role because it represents a *tool* capable of stabilizing the relationship between the company---or one of its product lines---and a given segment of consumers who identify with that company.

What are the peculiar aspect of brand management for fashion ready to wear firms?

Fashion houses competing in the ready to wear business have grown rapidly following the designer's vision and supported by the manufacturing skills of licensee companies. But in a highly competitive and global context the designer's creative vision is not enough: a new managerial approach is required. The new management approach from fashion companies is centered on brand management. Branding is a way of organizing and extracting value from scarce resources that in the fashion business are:

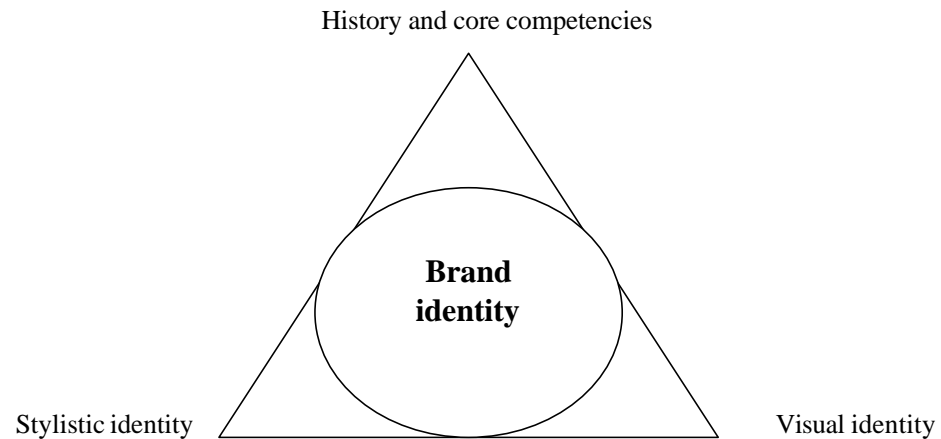
- the supply system (obtaining access to the best skills and suppliers worldwide)
- creativity (designers, architects, advertising agencies, in general creative people and creative teams that are difficult to find and manage)
- location (it is increasingly difficult to be present in the top location at global level)

Branding presupposes a greater awareness of medium-to-long term strategies, clear market positioning, more consistent product innovation and product range policies. Therefore, branding acts as a mean to better organize and select the supplier network, the designers and all the creative people working for the brand vision.

Brand management starts from the concept of brand identity. Brand identity has been defined as a word or a logo, related to a product, that at the beginning has no sense and then, year after year, it acquires a meaning determined by the products and the communications of the past (Kapferer, 1993). Firms can't manage directly the sense behind their brands but they have to manage it through brand identity as perceived by the market. Some authors distinguish between the concepts of identity and image in brand management. While image is a reception concept, identity is on the sender's side. Therefore brand image emerges as the overall perception of a brand identity on the marketplace as driven by brand personality and positioning. Brand personality and positioning are a result of the interplay between different elements, all affecting the values and the symbolic meaning attached to a brand. We could define the brand identity as a *system of attributes*. For symbol intensive firms particular importance is

assumed by three kind of brand attributes: corporate and brand history and core competencies, product and stylistic identity and visual identity (table 1).

Table 1 The brand identity levers



History is one of the most valuable asset belonging to a brand: Guerlain's 1829, Cartier's 1847, Levi's 1853 have a fundamental role in defining the brand authenticity and standing. History also discloses the original competencies on which the brand grew and built up a credible positioning. A brand obtains its legitimization and potential for growth from the competencies that the market recognizes to the firm. Ermenegildo Zegna started in 1910 and developed a reputation for creating luxurious wool fabrics with a commitment to quality. This competence has now been developed on other products such as suits and accessories, that contributed to make Zegna a global brand in menswear. The antique Hermes's saddlers today have developed into a wide range of luxury accessories all associated to a competence of craftsmanship, skilled employ of leather and the concept of travel. History and competencies are the starting point, and often also the bond to the building of a credible brand identity. Recently some authors proposed the concept of corporate story to identify the comprehensive narrative about the whole organization, its origins, its vision and mission (Larsen, 2000). In this sense a story represents a powerful tool for differentiating an organization and prevent imitation from competitors. Stylistic identity defines the long term stylistic codes belonging to a brand (forms, colors, materials, product categories). In industries based on fashion and style the stylistic identity is the focal point of the product and brand system: over all the seasonal collections the brand Armani recalls smooth colors, soft shapes, jackets and

masculine fabrics, Bulgari recalls the aesthetic codes of Greek and Roman classicism. In these industries firms are born over an original product and a distinctive concept and leveraging on this they build a strong brand identity and a wider product offer that is always bound to the product and its aesthetic. A brand identity is written into the corporate story and it is made of daily practice, techniques, designing and constant innovation.

The visual identity is defined by long term codes that characterize brand communication. Message, tone, atmospheres, the media strategy, point of sale, merchandising, if employed according to recurring and recognizable scheme they are able to make the corporate image distinguishing. Clearly, a strong consistency among stylistic identity and visual identity must exist in order to build a strong brand. Nevertheless stylistic identity and visual identity do not have to become a jail where the brand ages and loses relevance for its target. The difference between the brands maintaining their leadership and the brands lasting for few seasons is the capability to make the identity evolve together with the market evolution. “Dynamism in permanence” is perhaps the most important concept in brand management. The key issue for luxury or fashion brands is always the issue of relevance for a new generation. And it is not always true that going back to the roots—understanding the essence of the brand - will help revive them. Gucci and Dior were something entirely different 20 years ago. When Christian Dior started, their clothes were revolutionary. Then, 20 years later, Dior had become the most classical, conservative company losing touch with the brand's original spirit. Therefore new and crazy designers were brought in, trying to connect again to the emotional values (revolution) that were attached to the brand when it started.

Returning to the past isn't always the answer. Any successful brand has to reconnect with an image that's relevant to the identity of consumers at that moment in time. To maintain leadership, brands have to transfer it across generations, and in fashion clothing and accessories it's particularly hard to make this transfer, just because clothing is a symbol intensive product category.

3. Giorgio Armani: the Italian way to brand identity

3.1. History and competencies

Giorgio Armani was born in 1934 in Piacenza, Northern Italy; he received a bachelor and attended two years at the Faculty of medicine. From 1957 to 1964 he worked as buyer at the greatest Italian department store, La Rinascente. From 1964 to 1970 he was at Hitman (Nino Cerruti's menwear company), designing formal men collections. At that point Armani realised that within the menswear it was not possible to escape a certain staticity. The big chance was in the womanswear that it was booming in that years. Armani decided to leave Hitman to work on his own in that new segment as a consultant for other fashion companies. He was very successful, designing for such manufacturers as Boulevard, Montedoro, Sicons, and Gibo. In 1975 he was convinced by his friend Sergio Galeotti to establish the company GIORGIO ARMANI S.P.A. giving birth to his label of clothing, positioned within the ready-to-wear segment. After some years Galeotti, who was in charge of the managerial part of the company, died and many considered Armani unable to survive to him.

“I had to acquire the entrepreneur status not being embarrassed in front of a lawyer language and capable to manage the company personnel”⁷.

The turning point was 1978 when Armani signed his first important licensing agreement with Gruppo Finanziario Tessile, one of the largest apparel companies in Italy. Armani designed his collections and GFT took care of industrialization, production and distribution.

During this first phase of development Armani has been through a series of lucky coincidences. He began working in a time when women were beginning to understand, perhaps confusedly, that they would have to change in order to deal with society in a different way, to have the same opportunities as men. Fashion adapts to the world, and the world uses fashion to assert itself: its mentality, professions, ways of being. At the beginning of the 1980s these factors were completely different from those of the previous decade, and fashion has been able to express these differences. Armani has always been focused on women, living in Milan in particular, who in the 70's

⁷ All the Armani's statements in italics has been taken from various numbers of Giorgio Armani magazine.

approached the world of work wishing to realize something important. In Armani's view, fashion is not to dream but to live with: people have to be allowed to use fashion and change it; that's why Armani doesn't pursue the total look concept. The jacket, the Armani most representative item, can be dressed with everything else, in many different ways and for many years. And the Armani's jacket was a real revolution in womenswear and his biggest success.

"My women's jackets date back to 1975, one year after my first menswear collection. I was surprised by the fact that my sister, and some of our female friends, wanted to wear the jackets, in which to move freely, naturally, like a second skin. All my work has developed around the jackets. It was the starting point for all the rest. My small but crucial discovery lies in having imagined a garment which falls over the body in a surprisingly natural manner. I experimented with new techniques, removing the lining, or the interlining. I have modified the arrangement of the buttons, and radically altered the proportions. What was previously considered a defect has become the basis for a new form: a new jacket. This creative procedure has generated a light jacket, as comfortable as a shirt, sensual even in its construction. I have been called the first post-modern stylist, they say that I have done for the jacket what others have done in architecture and art. Others have said that the Armani jacket has become a sort of antidote for the aggressivity and flashy colors of that type of 1980s dress which today we view with disdain. Like a sort of undeclared status symbol, which confers status without displaying the symbol".

As far as his approach to style and creativity is concerned, this was really distinctive. Unlike others designer that were pure tailors with great technical capabilities but no market orientation, Armani was able to balance the social changes in the world and the evolution of consumer tastes and needs with his technical competencies.

From the beginning Armani has always admired and was inspired by the French couturiere Coco Chanel. Her rigour, the culture of dressing well, with irony, coquetry, attention to the smallest details. Coco Chanel knew how to dress women in an elegant, refined, but also rational way. For the daytime, she dressed them in a practical, almost masculine way, while for the evening she wanted them to be super-sophisticated super-refined, super-feminine. An image of the woman which is still extremely up-to-date.

"I'm not a pure artist I want to channel my creativity toward that which can be of use to the men and women of today. I want to interpret fashion, to make it comprehensible, friendly, confidential, to bring men and women closer to the concept of elegance, in total respect for their personality and for the times in which they live".

The experiences in the men's apparel industry had taught him about the practice of the discipline, which he tried to translate into a style capable of expressing the radical natural of the changes in progress. Furthermore, in Cerruti, that was a leading wool-fabric producer, he learnt the importance of fabrics in designing clothes.

My energies are concentrated in my hands when I touch fabric. I think that my constant, almost maniacal research on fabrics is one of the reasons behind my success. To model a fabric around a body is one of the most sensual experiences on earth. You have to feel it, it has to become one with the body, it is like arranging a drapery with pins.

3.2 The creation of a successful brand

After the success of his first collection Armani decided to extend his name over a wider product range entering into new licensing agreements. Furthermore, thanks to the constant flux of royalties rising from the GFT licensing agreement, Armani could invest on his image and on his distribution network. Over the time his name became a successful umbrella-brand.

Between 1975 and 1982 the following product lines were developed:

- GIORGIO ARMANI - BORGONUOVO 21 (men's and women's wear collections, 1975)
- GIORGIO ARMANI – LE COLLEZIONI (men's –worldwide- and women's wear - North America- 1979)
- MANI (men's-North America- and women's wear -rest of the world)
- ARMANI JUNIOR
- GIORGIO ARMANI UNDERWEAR (men's and women's wear)
- GIORGIO ARMANI SWIMWEAR (men's and women's)
- GIORGIO ARMANI ACCESSORIES⁸ (for men and women)
- EMPORIO ARMANI (men's and women's wear collections, 1981). *“In my work I wanted to be more democratic, and to separate high fashion from the image of an applied art destined for only a few globetrotting jet-set millionaires. I thought about people. I thought about those women who cannot afford my dresses, but would like to own them, because they feel they are right for them, and I thought about a form of education of taste. And this conviction led me to create Emporio Armani, as a place where my style is within everyone's reach”.*

⁸ Ties and Socks - Glasses - Scarves and Foulards - Shoes - Bags - Small leather goods - Suitcases - Belts - Umbrellas - Hats - Gloves - Costume Jewellery.

- ARMANI JEANS (men's and women's wear)
- GIORGIO ARMANI SPOSA (bridal collection)

In 1982 the prestigious "Time", dedicate its cover to Armani that was the first designer to appear on the cover after the French couturier Christian Dior.

Between 1982 and 1984 he launches EMPORIO ARMANI UNDERWEAR and SWIMWEAR, EMPORIO ARMANI ACCESSORIES⁹ and his FRAGRANCES ARMANI for men and for women. In 1987 Armani's brand is extended in EYEWEAR and SOCKS. In 1989 Armani launches EMPORIO ARMANI GIFT COLLECTION (items for the home and bath), in 1991 A/X: ARMANI EXCHANGE (men's and women's) and in 1992 GIO' women's fragrance. In 1995 he creates the lines GIORGIO ARMANI SKIWEAR and GOLF and he launches ACQUA DI GIO' (women's and men's fragrance), in 1997 EMPORIO ARMANI WATCHES, in 1998 EMPORIO ARMANI FRAGRANCE and in 1999 EMPORIO ARMANI BEAUTY COMPONENTS. The latest from Armani's work is the Armani Exchange. This brand is recognized by the sign A/X. As easy as the Gap, and nearly as cheap, Armani Exchange aims at offering jeans, sweaters, and T-shirts a little more stylish. A/X Armani Exchange is the company's least expensive line, competing in the US with retailers such as The Gap and Banana Republic.

3.3 The industrial growth

During the '90's the company goes through a process of vertical integration in order to better control the production activities and the distribution network investing the company cash flows. Here are the main operations performed:

- the acquisition of shares in Armani's licensees: SIMINT (licensee of Armani jeans) (53,02%), INTAI (licensee of Armani Ties and Armani Underwear e Swimwear) (51%), LUXOTTICA (licensee for eyewear) (0.5%), ANTINEA (licensee of womanswear for Emporio Armani) (100%);
- market consolidation with opening of company owned boutiques (80 in 1990);
- acquisition of G.A. Japan (the company that manages free standing stores and Emporio in Japan).

⁹ Ties - Socks - Glasses - Scarves and Head scarves - Shoes - Bags - Small leather goods - Suitcases - Belt - Umbrellas - Hats - Gloves - Bijoux - Gifts.

- acquisition of GFT production facilities.

Value chain control requires to build new competencies very far from the company's original know how. And this will implicate a more solid managerial structure that is also related with the problem of Armani's succession.

The company's present success is made evident from the following figures:

- total sales are 1.650 billions Italian lire with an estimated profitability of 250 bn.(1999);
- 2000 point of sales all over the world;
- 20 successful licenses

New York's Guggenheim Museum recognized Armani's considerable contributions in a retrospective that opened on October 20th 2000, featuring about 400 of his fashions. The show examines the cultural impact of his designs. It's the first time the museum has dedicated one show to an individual designer, and it's said to be the largest one-man fashion exhibition ever presented in New York.

"I see this exhibit as a beginning, not a retrospective, It shows what I can do, more than what I have done."

To emphasize the timelessness of Armani's fashions, the museum has grouped his clothes thematically rather than chronologically. One section of the exhibit examines the impact of his designs on the androgynous look, while others explore the influences of Eastern and North African cultures and his use of a "non-color" palette -- lots of gray, taupe and similar neutral tones.

3.4 Brand identity levers

3.4.1 Stylistic Identity

Armani has been, first of all, an interpreter of modernity thanks to his curiosity and his willingness to stay in touch with everyday life.

"Before each collection, I stop to reflect. I stop to examine the state of things: the problems and discomforts I see each time I watch the news on television, the impact of a

film, of people I have met, the realities which seeth across the pages of newspapers, scandals, manias. Everything that touches our lives, everything that is bubbling beneath the surface of the everyday world. I try to sum it all up, and I ask myself questions. How can a man dress, today, if he doesn't want to look like a yuppie or an ambitious businessman, but does want to be decorous, presentable with self-respect? What about young people? Does the shabby, grungy style express any sort of true rebellion? What about the young girls I have seen at demonstrations, or at the universities: might they not enjoy a romantic, floral dress? When I find the answers to the questions, I am ready to go to work".

His secret is to elaborate, through his creativity, what people in the street suggest: *"... nowadays to impose a fashion trend means to humiliate men and women. As far as I am concerned I do the opposite: if I see in the street a man or a woman wearing something that attract my attention or I notice a behavior that for them is not consciously elegant I work on it, with the support of my experience and I obtain the final result that is that people refine their style without becoming a fashion victim".*

This orientation led Armani to eliminate the superfluous, to emphasize comfort and enhance in his collections the *"refinement of essentiality"* that today represents the essence of his style.

"Each time I begin to think about a new collection, I start with the "notes". Not this, not that. The sum of all the notes turns into a positive direction, clear distinct forms for my clothes".

For Armani the dress is like an identity, the dress is like the place where to find oneself without constriction both physical and psychological. His woman is gentle and seducing, self confident and not requiring to act or dress like a man, nor shout her sex-appeal. She represents the essence of modernity and cosmopolitanism.

"I never think of a special woman, I think about a woman who is neither tall nor short, neither skinny nor fat. Well, maybe more on the slim side than the plump side, for problems of fit... Above all, I think about a woman who knows how to dress; unlike, for example, an American lady in her seventies who I once saw wearing one of my dresses which I would never have imagined seeing on anyone her age. Dressing well requires a head, not just a body".

The silhouette has the shoulders as a focus point. There is a strong research in materials that are precious, light, soft; he loves silk, linen, shantung, organza, georgette. The best items are the shirt-jacket, the jacket with an invisible tie, light, deconstructed in order to cancel the stereotype of *tailleur*. Particular attention is devoted to colors that are mild and clear, sometimes strong but without any gaudy identity.

“I have always thought that strong colors are facile, overwhelming, they distract attention from the form, the research, the variations in the lines of a garment. But at times I fear that my style is becoming too stereotypical, too homogeneous. So I add some painterly suggestions of color, unexpected natural shadings, to provide new definition for my clothes.

I am known as the stylist without color, the inventor of "greige", a cross between grey and beige. I love these neutral tones, they are calm, serene, they provide a background upon which anyone can express himself. It is a way to connect and combine the other colors. It is a base upon which to work, and it is never definitive, never dissonant, never a passing trend, it is always something that remains, a versatile basis over which, from time to time, to imagine other things”.

In the men's wear, discarding fashion conventions, Armani stripped the padding from the traditional men's suit jacket and changed the way men wear clothes. Armani's looser-fitting jackets and slouchy pants softened the starched business suit; so long, stripped ties and knife-edged creases. The natural perfection of his clothes comes from an obsessive attention to every detail. Armani style designs the character.

“I've always tried to realize a kind of fashion which doesn't turn your head: you can turn your head after 50 meters, not immediately. If you turn at once it means that you've been shocked. On the contrary, the fashion I suggest has to make people think about it. It's especially a matter of thinness, shadings, lengths, it's a tailor made work: a revers which marries the shoulder which hangs in a particular way, button that deliberately draws in a particular way instead of a perfect closing (...). Consequently I always look for soft moving tissues, that give the impression to be lived. All these things together represent my style (...) It's a clothe-philosophy”.

He supervises all the process of product development starting from the first drawing to the industrialisation made by licensees. Season after season each new model differs a little from the previous one: it is a process of evolution and never a revolution.

3.4.2 Visual identity

Image and communication

The corporate communication is entirely managed by Giorgio Armani, supported by his sister, Silvana, for all the world markets. As result one can easily recognize the distinctive sign of Armani's style in his way of communication, contrary to most of fashion advertising campaigns: the product has to be clearly identified as Armani, not mixed with images too modern or too trendy. Boys have to be masculine, not

ambiguous; girls have to be modern, but not too seductive. All the images projected by the brand are consistent with the message delivered by the product, starting from the choice of colors.

“For my photo campaigns I have almost always favoured black and white. Some have said that in my images I use black and white like color. I find that it is more realistic, more natural, it might seem like a paradox, but that’s the way it is. In the images I like contrasts which bring out form. I think that black and white images are completely different from colour photos: the framing is different, and the way of doing close-ups. In the latest avant-garde films from America I have noticed a return to black and white, to accentuate the dramatic effects of lighting. Once, for a campaign, I decided to use photocopies instead of prints, precisely because I was fascinated by the visual impact of their accentuated contrast. Naturally if the in a collection require it, I use color. But in these cases I want the color to take on an abstract value: a perfect shade against the background, or the decorative force of the arabesque created by backlighting”.

The message from Armani’s communication is: be yourself in a fine manner; do not mask yourself following trends which do not belong you, find your own style. In the Armani’s advertising, the woman acts as protagonist, not the product; when she is dressed for success, as at the beginning of 80s, or when she reaches a calm and conscious autonomy (at the end of 80s), or she re-asserts her romantic and sensual vein (at the beginning of 90s) or she claims her achieved equilibrium and her freedom to live all these different moods (latest collections). The diffusion of his advertising campaigns is also strictly controlled. Armani decided to go without top models, with the specific goal to let his fashion talk.

“They say I dislike top models, and so I never use them in my shows. It’s an old story, I don’t dislike them, but I am not convinced by the model-star equation. On the runway, I want the clothes to do the talking, to capture the desires of the viewer. Top models are personalities. What I need are pretty girls I can shape to my wavelength, who can present my clothes. I always insist on a certain uniformity of make-up and hair, to make the message more incisive. If I send Cindy Crawford, who is gorgeous, out onto the runway, who’s going to notice the dress? I know that super-models and actresses get you press, television, chatter. But the commitment I put into my work must be respected, and demonstrated in every possible way. The press ought to tell the truth about this profession, which is still a very serious discipline. It’s not about seasonal gimmicks. A beautiful dress doesn’t need crutches! When I do the casting for my shows I always look for men and women with whom people can identify, even in their imperfections. Too much beauty takes the attention away from the clothes. I am offering clothes, not racial prototypes”.

Armani controls in a very careful way communication campaigns, leaving very little room to photograph and choosing himself models, locations, colors and merchandising.

“I have always tried to find, together with the photographers who have worked with me, a language capable of giving an appropriate form to all that I wanted to express in my clothes. Images, for me, are storytellers, oracles. They must communicate emotions. I have always thought that the image (the principal means of communication for fashion) should translate and embody my style”.

Giorgio Armani thinks that people have to find in the shop the same that has been communicated, not others (as it usually happens in the fashion system). Armani has been the first one to use billposting (for Armani Jeans) and, since 1984, murales (for Emporio Armani): murales, together with advertising on the newspaper, are the ways of communication Armani loves more, because of the strong visual impact. The total communication investment (from the catwalks to the market analysis) is nearly the 5% of total turnover generated.

Cinema: a communication concept in Armani

Armani's communication started under the influence of a spontaneous passion: Giorgio Armani's love for the 40's US movies. The icon is the cinema of the beginning of that period. The shift from the empirical to the scientific application comes later on and evolved thanks to a series of coherent decisions: the choice of Martin Scorsese as director for an Emporio spot, the cinema as leit motif for Emporio Armani Magazine, the creation of costumes for many movies (i.e. "The untouchables": not by chance set in the 40's) and the Giorgio Armani's public presence at the most important cinema events as the Venice Festival one, where, in the 1999, he took part in as producer of the Scorsese's movie "Il dolce cinema", a tribute to the Italian neorealismo. Step by step, Armani created a very specific identity in the consumers mind that clearly identify Armani proposal with a certain world: such an outcome comes from an extreme coherence, a continuous effort to interpret a concept at every level.

The retail concept

During the last ten years Armani assumed a stricter control over the distribution system, left at the beginning into the licensees' hands. So long he decided to acquire Antinea and Simint (before acting as licensees) in order to ensure deliveries' time and quality and the control of the brand image around the world. Considering retail Armani is, as usual, a "maniac" of details: every detail is fundamental, even the lights into the shop. A wrong combination in a shop window between a cloth and an accessory makes him suffer, so

he personally checks that sellers don't distort the equilibrium between the different items. Such a busy man uses to spend a lot of time talking to the shop assistants in Milan to transfer them the entire brand concept. With regard to the new openings, both flagship and franchising, Armani is very cautious: he only looks for the best locations all over the world and he's always concerned with the risk of an excessive exposure which could impact of the company's image (the policy of his competitor, Versace, is the opposite: Versus and Emporio turnover is similar, around 200 billions lire, but Versus stores are six times more than Emporio ones).

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